



Georgia Board for Physician Workforce

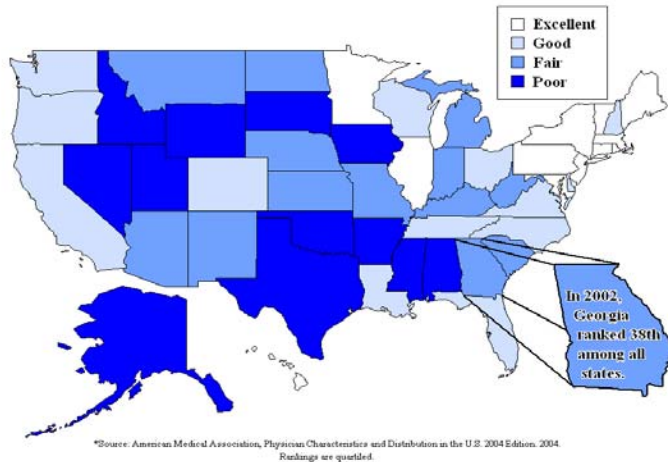
Fact Sheet on Georgia's Physician Marketplace

February 2005

Current Trends in the Physician Workforce

- Georgia ranks 9th in population, but 38th in physician supply (down from 35th two years ago). The U.S. Census Bureau currently ranks Georgia as the 6th fastest growing state.
- The rate at which new, practicing physicians are added to Georgia's workforce has declined 55% over the last 10 years (from a high of 1,682 in 1992-1994 to a low of 748 for 2000-2002).
- Increasing demand for physician services, a stagnant physician supply, and changes in practice patterns are among the indicators of a developing physician shortage in Georgia.
- Georgia relies heavily on physician migration from other states and on international medical graduates to meet workforce needs. Market forces are now reducing Georgia's attractiveness as a place in which to practice medicine. Increasing competition from other states, declining reimbursement for physician services, and rising medical liability insurance costs, are influencing whether doctors elect to practice medicine in Georgia.

Distribution of Physicians, U.S. 2002*
per 100,000 population

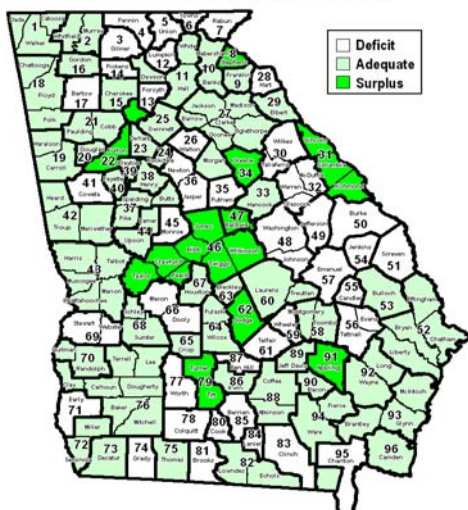


Mix and Distribution of Physicians

Between 2000 and 2002, 152 new OB/GYNs were licensed and practicing in Georgia. Yet, data currently gathered by the OB/GYN society indicates as many as 165 OB/GYNs have left or will leave practice in the near future. This drop, if realized, would overcome the gains made in 2002 for this specialty and result in a real drop in the rate of OB/GYNs to population in Georgia.

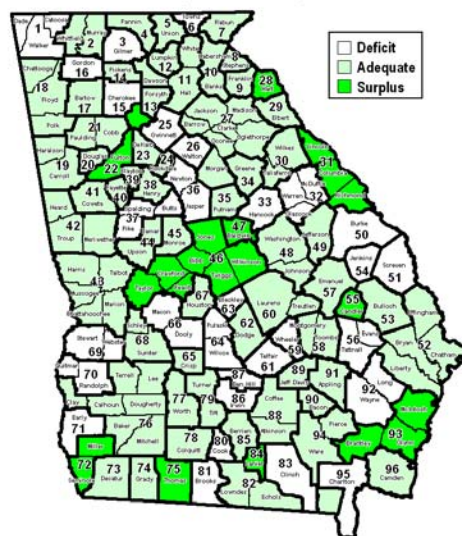
There are fewer General Surgeons, per capita, today than there were 10 years ago. In 1992, there were 8.63 General Surgeons per 100,000. In 2002 there was a slight reduction in the number of these physicians, with only 8.48 General Surgeons per 100,000.

OBSTETRICS & GYNECOLOGY
Physician Distribution - 2002
Deficit, Adequate, and Surplus PCSAs*



*A PCSA (Primary Care Service Area) is categorized as deficit, adequate, or surplus based on the ± 1 standard deviation of the physician rate per 100,000 in 2002.

GENERAL SURGERY
Physician Distribution - 2002
Deficit, Adequate, and Surplus PCSAs*



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Medical Marketplace Challenges to Building Physician Capacity

Medical Liability Costs and Availability

Current Situation

- Malpractice insurance **premiums** for Georgia physicians continue to increase at extreme rates. Respondents to a GBPW follow-up survey reported increases of 25-50% on average in 2003. This is in addition to the 20% increase reported in 2002.
- **Availability of insurance** is a growing concern due to the limited number of insurance companies writing liability policies for physicians in Georgia. MAG Mutual, the principle provider of coverage in Georgia, reported that of the 20 insurers in the state in 2001 (who had \$1 million or more in premiums), only three remain who accepted new physicians in 2003.
- The **specialties most affected** are OB/GYN, General Surgery, Radiology, Neurology, and Emergency Medicine.
- If trends continue, **further challenges will emerge** impacting important primary care specialties, including OB/GYN and General Surgery. The results could see an increasing rate of erosion in the physician to population ratio of General Surgeons and a decline in the capacity of the OB/GYN workforce in the state.

Physician Response

- **Stop high-risk procedures** – Nearly 14% of all physicians responding to the GBPW follow-up survey stopped performing high-risk procedures in 2003. The rate was highest among General Surgeons (27.5%), OB/GYN's (25%), Orthopedic Surgeons (22%), and Radiologists (19%). In 2002, 17.8% of the respondents had stopped providing high-risk services. The primary services impacted are obstetrical services, mammography, surgical care, and trauma.
- **Retire early or leave clinical practice** – 7% of all physicians responding to the survey indicated they plan to leave clinical practice as a result of the malpractice insurance crisis in Georgia. An additional 4% of respondents indicated plans to retire. The rates were highest among: OB/GYN's (13% plan to leave clinical practice and 12% plan to retire); and General Surgeons (13% plan to leave clinical practice and 7% plan to retire).
- **Georgia physicians may move to states that have lower insurance costs** – 3.3% of physicians responding to the survey indicated they are considering or already have plans to move out-of-state. Nine percent of Anesthesiologists, 7% of Emergency Medicine physicians, 7% of General Surgeons, and nearly 6% of responding OB/GYN's fall into this category.

Decreasing Reimbursement for Physician Services

- In the late 1990s, a series of changes to Medicare reimbursement for physician services took place. These changes included tying Medicaid reimbursement rates to the Medicare fee schedule, and instituting reductions in reimbursement rates that resulted in a nationwide reduction in physician reimbursement. These changes have meant a decrease in payments of \$62 million, in constant dollars, since 1996, the last year Georgia Medicaid paid 100 percent of the Medicare fee schedule.
- In FY 2004, the Department of Community Health reduced the state's reimbursement rate for physicians, resulting in a net loss of \$44 million in state and federal funds.
- Recent studies have shown that Medicaid reimbursement rates do not cover physicians' costs and that it is becoming increasingly difficult for doctors to continue serving Medicaid patients by spreading the uncovered costs over their remaining patient base.
- Data reported through the physician license renewal process indicates an increasing number of physicians are limiting the number of Medicaid patients in their practice. After peaking in 1996, physicians now report the lowest percentage of accepting Medicaid in a decade. Further, it is understood that physicians will weigh the risks and rewards of the medical marketplace and as reimbursements decline and costs rise, physicians may choose to limit or cease practice.